



## Administrative Regulation

### HRA VEBA Plan

<b>Policy #</b>	03-03.01
<b>Effective Date:</b>	December 8, 2015
<b>Revision Date:</b>	March 10, 2021
<b>Owner:</b>	Human Resources

#### Purpose:

To provide a tax free account for eligible employee payouts upon retirement which are held by the nonprofit, tax-exempt HRA VEBA Trust for post-retirement health expenditures.

#### Scope:

This regulation applies to all employees eligible to retire from the City.

#### Policy:

HRA VEBA enables the City to make tax-free contributions upon eligible retirement. The following are eligible contribution sources:

- Sick Leave cash-out
- HRA rollover
- Vacation cash-out
- Paid Time Off (PTO)

#### Procedure:

##### 1. Determination of Participation:

- 1.1. Bargaining units vote annually on a calendar basis to participate or not. If participating, membership votes to adopt one or more of the contribution sources and to what extent or percentage.
- 1.2. Non-represented employees must form IRS approved groups for voting purposes. Groups vote annually on a calendar basis to participate or not. If participating, membership votes to adopt one or more of the contribution sources and to what extent or percentage.
- 1.3. IRS rules do not permit individual choice. All employee group members defined as eligible must abide by the decision of the group.

##### 2. Contribution source guidelines:

- 2.1. Sick Leave cash-out: group determines the percentage of participation up to 100% of eligible cash-out limits.

2.2. HRA rollover: 90 days after retirement, remaining HRA account balance will be rolled over to the retiree's VEBA account.

2.3. Vacation cash-out: group determines the percentage of participation up to 100% of eligible cash-out limits.

2.4. PTO cash-out: group determines the percentage of participation up to 100% of eligible cash-out limits.

### 3. VEBA Membership Enrollment

3.1. Eligible retirees complete an HRA VEBA Membership Enrollment Form at the time of retirement to open an account into which their leave cash-out is directly deposited. Failure to establish an account will result in forfeiture of cash-out funds.

## Definitions

1. “*VEBA*” is a voluntary employees' beneficiary association (VEBA) account is a type of tax-exempt trust instrument through which post-retirement benefits can be paid. VEBAs are authorized by Internal Revenue Code section 501(c)(9).
2. “*Eligible Retirement*” is an employee that meets one of the following criteria:
  - Employee's age plus years of service with the City of Springfield equals 70; or
  - Employee is a member of the Public Employee Retirement System (PERS) and meets PERS retirement requirements for full or reduced benefits and has a minimum of two years of service with the City; or
  - Employee is permanently disabled in all occupations as identified through the City's Long Term Disability carrier or by an Independent Medical Examiner hired by the City, and with consideration of PERS definition for employees under equal-to-or-better plan.
3. “*Health Reimbursement Account*” is a City of Springfield HRA account resulting from City's annual contribution.

## Resources:

1. See <http://HRAVEBA.org>

**CREATION (Original):**

This administrative regulation is in effect as of the date of my signature. I authorize the Human Resource Director to modify the history and resources sections and header, footer, and numbering without my reauthorization. The administrative regulation remains in effect should these revisions occur.			
<b>Approved By:</b>	Gino Grimaldi, City Manager	<b>Dates:</b>	December 8, 2015
<b>Author:</b>	Greta Utecht, Human Resources Director		
<b>Responsible Party:</b>	Human Resources		
<b>Replaces:</b>	Format updated on May 12, 2017, as a result the policy number was changed from 03-07.01 to 03-03.01 and the title changed from "Establishment of HRA VEBA Plan" to "HRA VEBA Plan."		

**PERIODIC REVIEW:**

<b>Reviewer:</b>	Chaim Hertz, Director of Human Resources	<b>Date:</b>	11/8/2021
<b>Reviewer:</b>		<b>Date:</b>	
<b>Reviewer:</b>		<b>Date:</b>	
<b>Reviewer:</b>		<b>Date:</b>	
<b>Reviewer:</b>		<b>Date:</b>	

**REVISIONS:**

<b>Version #2:</b>	<b>Responsible Party:</b>	Human Resources		
	<b>Revised By:</b>	Chaim Hertz, Director of Human Resources		
	<b>Approved By:</b>	Nancy Newton, City Manager	<b>Date:</b>	March 15, 2021
	<b>Reason/Summary of Changes:</b>	Inclusion of PTO cash out option		